

MEMO

DATE: 6/2/98

TO: The Sutherland Group - All Sutherland inbound reps handling calls for customers of ISPs and ISPs

FROM: Chris Hudson, U S WEST Interprise

RE: Scripting for calls for customers of ISPs and ISPs

Customer Calls 1-888-MEGAUSW (1-888-634-2879), 1-800-DATA-USW, etc.

1. Sutherland Consultant answers:

2a. Thank you for calling to inquire about MegaBit Services from U S West. This is _____ (rep provides name) to whom am I speaking?

2b. Hi _____ (name of caller) may I please get your area code and telephone number so that I can give you the correct information for your area? Sutherland Representative will enter number into FACCHK (Facilities Check) database at this time. Also request address, zip, and company name at this time.

If the customer's number is out of U S WEST 14-state region or out of the in-region area where Megabit Services is currently offered, or if their loop is not qualified move to section 8.

If customer does not wish to provide this information, simply move to the next question.

If customer is in a service area and their line is qualified, move to the next section.

3. What prompted your call about Megabit Services today? Listen to customers needs.

In order to make sure I am giving you accurate information I need to ask you a few questions.

4. What Internet Service Provider would you like to connect to?

I am currently using _____

Great - I will now check to see if your ISP supports Megabit Services.

If ISP is provisioned with MegaCentral, move to question 5d.

If customers ISP is not provisioned with MegaCentral please give them the following options:

5a. I'm sorry but ____ does not support MegaBit Services. We recommend you contact your ISP to see if they will be supporting Megabit Services soon. You can also find a complete listing of ISPs in the yellow pages and many of them do support Megabit Services. [If customer asks about USWEST.net - transfer caller to general Megabit inbound group.] - Tell customer - let me transfer you to a group that handles that service

5d. Procedure for caller who is a customer of an ISP that is provisioned with MegaCentral: Please explain unbundled pricing and installation for Megaline. To place order - use paper ordering process and fax order to the ISP ordering group.

Installation: Installation will include the mode, NIC card if required, and NIC card software. **Reminder: Customer Must Sign Up for a MINIMUM 12 months of Service for promo offers!!** Estimated delivery interval is 15 days from order confirmation date.

6. Ask about the customer's PC hardware configuration:

What kind of Internet browser software do you use? _____. If no Internet browser software, "Does your PC have:"

_____ 486 Processor

_____ 33 Megahertz

_____ 8 Megabytes of RAM or 16 Megabytes of RAM using USWEST.net for Internet access.

_____ CD ROM?

_____ 20 Megabyte hard drive?

_____ Macintosh model?

If customer is not familiar with their PC - move to question 7. If the customer does not meet the PC Hardware requirements and is not willing to upgrade, skip to step 8.

7. I can place an order for your Megaline Service and the due date would be 15 working days from today.

IF YES, place paper order and fax to night-order group. Thank you for your order!

8. IF NO, is there anything else I can help you with?

IF NO, thank you for calling

9. I'm sorry but Megabit Services is not available in your area. I would be happy to answer any questions you have about the service. Can we call you when Megabit Services or a similar solution becomes available in your area?

____yes ____no

Thank you for your call today. We will notify you when your line becomes qualified for the service. Feel free to check back periodically and check out our web site www.megaspeed.com

Statute 237.09 Discrimination Prohibited.

Subdivision 2. Particular Services. (a) A telephone company that offers or provides a service or services, service elements, features, or functionalities on a separate, stand-alone basis to any customer shall provide that service, service element, feature, or functionality pursuant to tariff to all similarly situated persons, including all telecommunications carriers and competitors. To the extent prohibited by the Federal Communications Commission or public utilities commission, a telephone company shall not give preference or discriminate in providing services, products, or facilities to an affiliate or to its own or an affiliate's retail department that sells to consumers.

State Of Minnesota
Department of Public Service
INFORMATION REQUEST

P421/EM-98-471

Information Requested From: U S WEST Communications, Inc.

Information Requested By: Grinager, John

Date Requested: 07/14/98

Date Response Due: 07/23/98

REQUEST:

Please explain the ordering process used by U S WEST by which it obtained signed contracts for Megacentral service from ISPs and other customers. Please explain any differences between this process and the process used to obtain contracts for other services sold to ISPs.

RESPONSE:

Orders for any MegaCentral, whether for a corporate host, an ISP, or USWEST.net, go through the same process.

The sales channel prepares an Executive Summary and forwards to the MegaBit or ATM Product Manager for approval. (DS1 MegaCentrals are approved within the MegaBit Product team, DS3 and OAL MegaCentrals are approved within the ATM Product team.)

The approved (or rejected) Exec Summary is returned to the sales channel.

The sales channel goes to Contract Development services for contract preparation.

Contract is delivered to the customer for signature.

When signed contract is returned, the order form is completed and sent to Enterprise for order issuance and project tracking.

The MegaCentral is listed in the Web Ordering Tool as soon as the signed contract and completed order form is received in the Enterprise Center, and the DAOS has obtained ATM switch CFA information (about 1-2 days after the order form is received.)

A DS1 MegaCentral is project managed by an Account Consultant in the Enterprise center. A DS3 or OAL MegaCentral is project managed by an Enterprise Project Leader, usually located in a city near the customer's location.

I am not aware of any differences between the way a MegaCentral order is processed and any other service, with the exception that there are many U S WEST services that do not require the Executive Summary (ES) and funding process. The ES is required for all TLS, ATM, and MegaCentral services. A similar process for funding authorization is required for Centrex Custom, SHARP/SHNS and all other fiber based services.

Respondent: John Lee
Title: Manager
Department: Enterprise
Telephone: 303-293-6448

To: gajohns@uswest.com
From: Mike Davis <miked@sihope.com>
Subject: Orders and Such...
Cc:
Bcc:
Attached:

Hi Gary,

First - the good news -

1. Please place an order for MegaCentral service delivered via a DS1 as soon as possible.
2. Please place an order for a Point to Point T1 from Sihope to Vector Internet Services - Please contact them at 288-0880 for their details. I would like to have this in place by the end of April.
3. I need to order an additional pots line - please call me for details.

Second - The praise :)

Gary,

I have never been more please with the effort and attention that I receive from you regarding our service from US West - you have helped me battle the "regular" US west folks that actually prevent me from running my business. I would like to thank you for that... I would also like to thank you for being there - even via pager - 24 hours a day...I hope I haven't abused that :) - Also - Please let everyone know - that I will fight loud and long to keep you as my rep - I have developed a trust in you (and thru you - US West) and feel that a nightmare of problems would develop if you ever switched me to another rep.

Third - The bad stuff....

In the last two months - US West has cause severe damage to my client base. During the purchase of an ISP, improper rollover programming caused some 300+ clients to receive busy signals when there were none. This caused many people to leave our service before they even had a chance to experience it. I cannot stress how significant a customer is to us.. It is not just a monthly fee - it is years of monthly fees that this cost us. When we took over an ISP in the past, we waited weeks before even telling the customers that they were being served by a new company - instead - because of the busy signals - they called us complaining - loudly...

I also had ordered a Frame Relay T1 circuit that was not delivered in a timely fashion and the order was cancelled. At least a year (per contract) of revenue was lost because of this. I understand that Gary worked as hard as he could on all of my orders, however, when understaffed, the blame cannot be place on Gary, but the company..

I understand - per tariff - that you cannot adjust my bills - but you do have some flexibility on the installation charges - therefore - I would like to request that US West waive my installation charges for the last 16 PCTS lines that I installed as well as the install charges on these new orders. I feel that this is the least you can do.

I have been hounded by OCI requesting that I switch all of my circuits to them - To date - they appear to be able to deliver on their technical promises. I wonder if they can survive the long haul - and if they can take care of the customer - however - the cost savings are enormous.

I urge you to show me that US West is truly my partner and wants to keep my business..

Thank you for your attention to these matters

Docket No P421/EM-98-471
Exhibit No. 4

Gary Johnson, 04:21 PM 4/16/98 , Yeah, boy.

Date: Thu, 16 Apr 1998 16:21:46 -0500
From: gajohns@uswest.com (Gary Johnson)
Reply-To: gajohns@uswest.com
Organization: Internet Providers Group - U S WEST Communications
X-Mailer: Mozilla 4.03 [en]C-USWC0720 (WinNT; U
To: "miked@sihope.com" <miked@sihope.com>
Subject: Yeah, boy.

Well, here's the process to get a megaCentral DSL going:

1. Fill out an executive summary & fax it in. (Just did that for Sihope.)
2. DSL product manager looks it over & approves it.
3. Gary fills out official MegaCentral request form & faxes it in.
4. DSL account consultants send back a port CLLI code to the ATM machine and instigates a contract in legal dept.
5. Legal gets contract to Gary. Gary faxes to Mike. Mike signs & sends back.
6. Gary writes DSL order with CLLI info and sends that off.
7. Magic happens.
8. Around 5-4-98 we hope to see one of the first MegaCentrals in Minnesota go up at Sihope Communications.

Done all I can do until the product manager approves you as a MegaCentral.
I expect to hear back tomorrow.

Gary Johnson

--

Account Manager II
Internet Provider Group
Business Enterprise Solutions
U S WEST Communications
800-879-6300 x2383

Docket No P421/EM-98-471
Exhibit No. 5

State Of Minnesota
Department of Public Service
INFORMATION REQUEST

P421/EM-98-471

Information Requested From: U S WEST Communications, Inc.

Information Requested By: Carlson, Crystal

Date Requested: 06/25/98

Date Response Due: 07/02/98

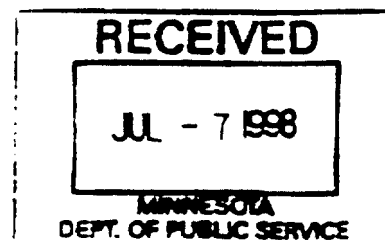
REQUEST:

Is U S WEST currently promoting its Megabit services through the provision of free CPE to the first 1,000 customers to subscribe to MegaSubscriber service? If so, please describe how the free CPE is awarded. In your description, please include provisions for providing free CPE to customers who subscribe to independent ISPs who have ordered MegaCentral service, but have not yet had it installed.

RESPONSE:

Customer Premises Equipment is not subject to regulation in the state of Minnesota. Therefore this question is beyond the scope of authority of the Department. Without waiving the foregoing objection, U S WEST states the promotion gives the first 1000 customers who sign up for MegaCentral service a free modem regardless of who that customer's ISP is. This offer is only good for current active MegaCentrals. Customers of "pending" Megacentrals are not eligible for the promo.

Response by: John Lee
Title: Manager
Department: INTERPRISE
Telephone: 303-293-6448





life's better here

They said the Internet would save you time
and improve your life.

Now it actually can.

Jeffrey Altom
583 S. Greenleaf Dr
Saint Paul MN 55123-2063



Dear Jeffrey Altom:

Finally, the Internet can be everything you imagined. Whether you're on-line for work or fun, our new U S WEST MegaBit Services™ can transfer files, import graphics and send e-mail faster than ever before. That means you'll spend less time waiting around and more time doing the things you want to do.

U S WEST MegaBit Services are significantly faster than any standard dial-up access. They offer you a reliable, secure, continuous digital line — so you never have to log on. Plus, you don't have to worry about busy signals or hangups. Best of all, MegaBit shares your existing phone line so you can work on the Internet while you talk on the phone!

To make it easy for you to get started, we've put everything together, including all the support you need, into one convenient MegaPak®. It includes:

- continuous 256Kbps digital subscriber line (DSL) connection
- U S WEST.net Internet Access
- Netscape Communicator™ 4.0 with Internet browser
- 24-hour technical support, 7 days a week
- 2 e-mail boxes
- plus more! (See the enclosed brochure for details.)

Sign up by August 14, 1998 and get a FREE digital modem!
But hurry quantities are limited.

Just sign a one-year agreement for MegaPak service at \$59.95 per month and take advantage of our extraordinary introductory offer. You'll receive:

- FREE digital modem (a \$295 value**)
- FREE U S WEST.net Internet Access set-up (a \$25 value)
- Professional on site set-up and training at a specially reduced rate of \$110 (an \$85 savings)

That's over \$400 in savings! For more information on this incredible introductory offer or our other MegaBit Services and packages, call toll-free 1-888-MEGA-599 (1-888-634-2599) today, or visit us on-line at www.megaspeed.com.

Remember, if you're looking for a more efficient way to work at home, surf the Web, or get some serious video game action, call now. Because you've got better things to do with your life than wait for the Internet to catch up with you.

Sincerely,

Tom Domschke
Consumer Marketing Manager - MegaBit Services

MegaBit Services are available separately. Not all U S WEST Serving Offices are MegaBit-equipped; availability also depends on your distance from the Serving Office and technical phone line qualifications. Offer expires 8/14/98. Additional set-up charges will apply. *Manufacturers suggested retail price. Quantities are limited.
©1998 U S WEST Communications, Inc.

State Of Minnesota
Department of Public Service
INFORMATION REQUEST

P421/EM-98-471

Information Requested From: U S WEST Communications, Inc.

Information Requested By: Grinager, John

Date Requested: 07/14/98

Date Response Due: 07/23/98

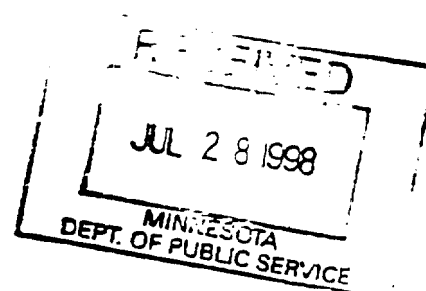
REQUEST:

Why, when a customers calls the Mega U S WEST line, are they given separate options buttons if they are a U S WEST.net customer vs an independent ISP customer when both receive the same service from U S WEST Communications.

RESPONSE:

Although all MegaSubscriber customers receive the MegaSubscriber service from U S WEST Communications, the MegaCentral (i.e. and ISP or corporate LAN) can be provided by an entity other than U S WEST. Therefore, a process has been developed establishing a "safe harbor" for customers of ISP's other than U S WEST so that they may order MegaSubscriber service without being cross-marketed the U S WEST.net Internet service. A separate option was established in all U S WEST states in response to ISP requests.

Respondent: John Lee
Title: Manager
Deapartment: !nterprise
Telephone: 303-293-6448



State Of Minnesota
Department of Public Service
INFORMATION REQUEST

P421/EM-98-471

Information Requested From: U S WEST Communications, Inc.

Information Requested By:

Date Requested: 08/07/98

Date Response Due: 08/20/98

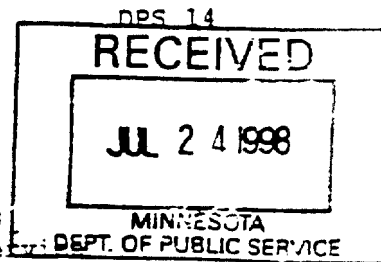
REQUEST:

Please describe the proposed two 800 number system which USW plans to implement for Megabit service orders.

RESPONSE:

U S WEST is still evaluating and has not finalized its plan to roll out a second "800" number.

State of Minnesota
P421/EM-98-471



Information Requested From:
Information Requested By:
Date Requested:
Date Response Due:

U S WEST Communications
Department of Public Service
06/23/98
06/25/98

REQUEST:

Are mega-bit services available for resale by CLECs with a 21.5 percent discount? If not, then why not?

RESPONSE:

No, with the MegaBit service offering, U S WEST is not operating as an "incumbent local exchange carrier" providing "telephone exchange service or exchange access" under the Federal Telecommunications Act and therefore U S WEST is not subject to the discounted resale obligations in 47 USCA § 251 (c).

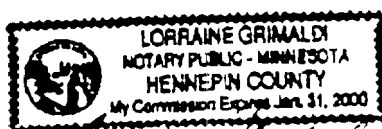
Respondent: John Lee
Title: Manager
Department: Interprise
Telephone: 303-293-6448

ATTACHMENT IS

AFFIDAVIT of Michael Wayne Davis

I, Michael Wayne Davis, being duly sworn and under oath, state as follows:

- 1) I am the owner of Sihope Communications, an independent Internet service provider (ISP)
- 2) I am submitting this affidavit in support of the Department of Public Service's complaint to be filed before the Minnesota Public Utilities Commission regarding the rollout of US WEST's Megabit Service
- 3) **SERVICE DELAYS.** Sihope Communications placed all necessary orders during mid-April with the expectation of becoming an active MegaCentral provider in early May. There were significant delays in US West's order processing and installation that caused the active date to slip nearly one month. Details are as follows:
 - a) Communication lines were ordered from US West on 4/2/98, requesting delivery as soon as possible. US West stated a delivery date of 5/4/98. The communications equipment (CPE) was ordered from US West during the week of 4/13/98, again, requesting delivery as soon as possible. US West stated a delivery date of 5/5/98 for the electronics.
 - b) The US West MegaCentral executive summary (application) was submitted on 4/16/98, and approved by US West on 4/17/98.
 - c) US West completed the installation of the communications lines on 5/18/98 (14 days past due).
 - d) The necessary electronics (CPE) were not installed and tested by US West until 5/29/98 (24 days past due). Furthermore, without this equipment in place, US West would not list Sihope Communications as an *active* MegaCentral provider; they would not take customer orders to be connected to Sihope's service.
 - e) US West's WWW site did not list Sihope Communications as a MegaCentral provider until 6/8/98.
- 4) **CUSTOMER ORDER ISSUES.** After Sihope Communications was activated as a MegaCentral provider, there were additional problems associated with the customer order process.
 - a) *During the initial rollout of the US West DSL service, US West offered a free DSL modem for having the DSL service installed. In this promotion, there was no requirement to use a specific MegaCentral provider. On several occasions, customers calling US West to order the DSL service with Sihope Communications as their MegaCentral provider, were told that they were not eligible to receive the free equipment. They were specifically told that they (the customer) needed to subscribe to USWEST.NET (US West's competing service) in order to receive the free equipment.*
 - b) As a service to potential Sihope customers, and to avoid the problems stated above, Sihope Communications offered to fill out US West's DSL order forms and submit them on behalf of the potential customer [see exhibit 1]. Even though these requests were faxed to US West from Sihope Communications, and were submitted on Sihope Communications letterhead, US West processed the orders connecting Sihope's customers to USWEST.NET
- 5) **BILLING ISSUES.** Additionally, communications charges started as of the 5/18/98-installation date for the lines. US West has a 15-day delay for processing the MegaCentral orders. With the 5/29/98 installation of the CPE (and Sihope attaining an "Active" status) the earliest Sihope customers could receive service was 6/13/98. This created the situation whereby I was billed for one month of communications charges that US West prevented me from using.
- 6) **WITHHOLDING COMPETITIVE INFORMATION.** On 3/18/98 during a meeting between US West and local ISP's, information was disclosed regarding the geographic availability of the US West DSL capacity and availability. (Ms. Karen Puffert of US West was reading a document with this information to the general audience.) When Ms. Puffert was asked if this information were available for distribution, she indicated that it was not. This information is of great importance in targeting advertising and promotion to areas where the service is highly available (e.g., Minneapolis has nearly 100% availability while Eden Prairie has only 33%). After further discussion during the meeting, the US West Management team in attendance agreed that this information should, and would be made available to all ISP's. As of 9/9/98, this information has not been provided to the independent ISP's. We are very concerned that, even with the rules regarding Discriminatory Interconnection, it is very possible that some employees of USWEST.NET would have access to this otherwise regulated information, and that it could be used for an unfair marketing advantage.



SIHOPE

<http://www.sihope.com>
info@sihope.com

Sihope Communications
2642 Lyndale Ave S
Minneapolis, MN 55408
(612) 829-9667
(612) 872-0469 Fax

Letter of Authorization

The Below named Internet Service Provider, Sihope Communications, is authorized on our behalf to place orders for only the following U S West Communication services.

256K Megabit DSL

This authorization does not preclude our ability to act on our on behalf. Or to authorize other representatives to act as our agent on matters concerning telecommunications services, as evidenced by other written letter or letters of authorization.

Customer: STEVEN HICKMAN

Name of company

1696 Ashland AVE #1
Address

St. Paul MN 55104
City, state, zip

Steven Hickman
Authorized signature

Steven Hickman
Print name and title

Internet Service Provider:

Sihope Communications
Name of company

2642 Lyndale Ave South
Address

Minneapolis MN 55408
City, State, Zip

Authorized Signature

Michael W Davis, President
Print Name and Title

Docket No P421/EM-98-471
Exhibit No. 1

RECEIVED TIME JUN. 1. 3:50PM
NO. 372

SWISLAS HEALTH SYSTEMS JUN. 1. 1998 3:57PM

SIHOPE

http://www.sihope.com
info@sihope.com

Sihope Communications
2642 Lyndale Ave S
Minneapolis, MN 55408
(612) 829-9667
(612) 872-0469 Fax

DSL US West Megasubscriber Ordering Form

Date: 6-5-98
Add to existing telephone number: 645-0597

Megabit Service Type: 256K
Megabit Service term: Month to month _____
1 Year Contract: X _____
3 Year Contract: _____
5 Year Contract: _____

Megacentral Name:

Billing Name	Sihope Communications
Billing Address	2642 Lyndale Ave S.
City, State & Zip	Minneapolis, MN 55408
Voice Telephone Number	(612) 829-9667
Fax Number	(612) 872-0469
E-mail address	dsl@sihope.com

Installation Address

Listed name:	<u>Steve Hickman</u>
Listed Address	<u>1616 Ashland Ave #1</u>
City, State & Zip:	<u>St Paul MN 55104</u>
Customer Contact Name:	<u>Steve</u>
Telephone Number	<u>645-0597</u>
E-mail address	<u>shick@sihope.com</u>

Is Loop pre-qualified Yes X No _____

Microfilters Phone Information:

How many wall plate phones are in the house? 0
How many regular phones are in the house? 1

Order placed by: Sandie Davis
Telephone number: (612) 829-9667
E-mail address: sandied@sihope.com

Computer information:

Type of computer:	PC <u>X</u>	Mac _____
Ethernet NIC card already installed?	Yes _____	No <u>X</u>
US West Tech Rep to install NIC?	Yes <u>X</u>	No _____

SIHOPE

http://www.sihope.com
info@sihope.com

Sihope Communications
2642 Lyndale Ave S
Minneapolis, MN 55408
(612) 829-9667
(612) 872-0469 Fax

DSL
US West Megasubscriber Ordering Form

Date: 6-9-98
Add to existing telephone number: 612-721-0165

Megabit Service Type 256K
Megabit Service term Month to month _____
 1 Year Contract X _____
 3 Year Contract _____
 5 Year Contract _____

Megacentral Name:

Name:	Sihope Communications
Address:	2642 Lyndale Ave S.
City, State & Zip:	Minneapolis, MN 55408
Voice Telephone Number:	(612) 829-9667
Fax Number:	(612) 872-0469
E-mail address:	dsl@sihope.com

Installation / Billing Address:

Listed name:	<u>Wayne + Darin Grimmer</u>
Listed Address:	<u>2206 East 36 1/2 St</u>
City, State & Zip:	<u>Minneapolis mn 55407</u>
Customer Contact Name:	<u>Wayne Grimmer Wayne Grimmer</u>
Telephone Number:	<u>612-721-3831</u>
E-mail address:	<u>wayne@sihope.com</u>

Is Loop pre-qualified: Yes X No _____

Microfilters Phone Information:

How many wall plate phones are in the house?	<u>0</u>
How many regular phones are in the house?	<u>1</u>

Order placed by:	Sandie Davis
Telephone number:	(612) 829-9667
E-mail address:	sandied@sihope.com

Computer information:

Type of computer:	PC <u>X</u>	Mac _____
Ethernet NIC card already installed?	Yes <u>X</u>	No _____
US West Tech Rep to install NIC?	Yes <u>X</u>	No _____

JUN-08-98 MON 03:09 PM SIHOPE COMMUNICATIONS

612 972 9469

P. 01



<http://www.sihope.com>
info@sihope.com

SiHope Communications
2642 Lyndale Ave S
Minneapolis, MN 55408
(612) 829-9667
(612) 872-0469 Fax

Letter of Authorization

The Below named Internet Service Provider, SiHope Communications, is authorized on our behalf to place orders for only the following U S West Communication services.

Megabit DSL

This authorization does not preclude our ability to act on our on behalf. Or to authorize other representatives to act as our agent on matters concerning telecommunications services, as evidenced by other written letter or letters of authorization.

We agree that we are responsible for all charges incurred by US West Communications services that are provided to us, regardless of whether the service is ordered directly by us or by our agents or agents.

Customer:

Internet Service Provider:

Name of company

SiHope Communications

Name of company

2206 E 26 1/2 St
Address

2642 Lyndale Ave South
Address

Minneapolis, MN 55407
City, state/zip

Minneapolis MN 55408
City, State, Zip

Authorized signature

Authorized Signature

Wayne J. Grimmer
Print name and title

Michael W Davis, President
Print Name and Title

STATE OF MINNESOTA)
COUNTY OF RAMSEY) ss)

AFFIDAVIT OF SERVICE

I, Linda Chavez, on the 10th day of September, 1998, served the attached
~~DPS Comments~~ Complaint

Docket Numbers P421/EM-98-471

- X by depositing in the United States Mail at the City of St. Paul, a true and correct copy thereof, properly enveloped with postage prepaid.
- X by personal service
- by express mail
- by delivery service

to all persons at the addresses indicated below or on the attached list:

Linda Chavez

P421/EM-98-471

P
Burl W. Haar, Exec Sec
MN Public Utilities Commission
350 Metro Square Bldg
121 7th Place East
St. Paul, MN 55101

Don Hallblade
Technical Solutions
PO Box 548
Anoka, MN 55303-0548

P
Linda Chavez (4)
MN Dept of Public Service
200 Metro Square Bldg
121 7th Place East
St. Paul, MN 55101

Michael W. Davis
SIHOPE Communications
2642 Lyndale Avenue South
Minneapolis, MN 55408

P
J. Jeffery Oxley
Attorney General's Office
1200 NCL Tower
445 Minnesota Street
St. Paul, MN 55101

Scott Wilensky
Attorney General's Office-RUD
1200 NCL Tower
445 Minnesota Street
St. Paul, MN 55101

P
~~John H. O'Brien~~ Linda Gale
U S WEST Communications
200 South 5th St., Suite 395
Minneapolis, MN 55402

P
Kevin J. Saville
U S WEST Communications
200 South 5th St., Room 395
Minneapolis, MN 55402

Marty Shoemaker
Minnesota OnLine
Suite 3171
332 Minnesota Street
St. Paul, MN 55101-1308

APPENDIX B

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Filing of)	
)	
U S WEST COMMUNICATIONS, INC.	)	DOCKET NO. UT-980416
)	
for Approval of a New Digital	)	ORDER SETTING BANDED RATE
Subscriber Line Service Offering	)	PROVISIONS OF MEGABIT SERVICES
Denominated as "MegaBit Service"	)	TARIFF WITH CONDITIONS AND
.....	)	ORDER INSTITUTING INVESTIGATION

BACKGROUND

On March 13, 1998, U S WEST Communications, Inc. (U S WEST or Company), filed with the Commission, in Docket No. UT-980416, its Tariff Advice No. 2933T, requesting Commission approval of a new digital subscriber line (DSL) service denominated as "MegaBit Services." The new service provides subscribers with the capability for simultaneous voice and high-speed data services over a single, copper-pair, wire. U S WEST proposes to use banded rates for this service, which has the effect of reducing the Company's notice requirement from 30 to 10 days for rate changes within a band.

U S WEST proposes to deploy the service initially in these areas of its service territory: Auburn, Bellevue, Bellingham, Des Moines, Federal Way, Issaquah, Kent, Mercer Island, Olympia, Puyallup, Renton, Seattle, Spokane, and Tacoma. The Company initially proposes an in-service date of June 8, 1998.

MEMORANDUM

The tariff filing was scheduled to come before the Commission at its regularly-scheduled open public meeting of April 8, 1998. Prior to the open meeting, the Company, Commission Staff, and the Washington Association of Internet Service Providers (Association) reached agreement on the conditions under which U S WEST could begin deploying its MegaBit Services. The Company also filed a modified tariff to reflect a rate change in the tariff following negotiations with Commission Staff.

At the April 8, 1998 open meeting, U S WEST notified the Commission that it would not abide by two "key" issues in the agreement it had reached with Commission Staff and the Association. At that time, Commission Staff changed its recommendation that the Commission allow the tariff to go into effect on the effective date delineated in the modified filing. Commission Staff instead proposed the Company extend the tariff's effective date to permit further effort to resolve differences over the tariff.

The tariff filing was rescheduled to come before the Commission at its regularly-scheduled April 22, 1998 open public meeting. Prior to the open meeting, the Company again modified the tariff to reflect additional negotiations with Commission Staff. At the open meeting, Commission Staff recommended the tariff be permitted to go into effect, as modified, on April 23, 1998, subject to the conditions negotiated with the Company. Those conditions, described in Commission Staff's April 22, 1998 Memorandum to the Commission, will require U S WEST to do the following:

1. Reduce the nonrecurring charges, including the MegaSubscriber change charge, to levels that more accurately reflect cost;
2. Provide a one-time waiver of the MegaSubscriber change charge through 1998;
3. Introduce service in two phases as proposed by Staff in its original memo;
4. Provide an unbiased list of ISPs using their domain names and commit to working with the ISPs on maintaining this list;
5. Not engage in cross-selling its internet service to a) MegaSubscribers who are already signed up with a DSL-compatible ISP; and/or b) MegaSubscribers who move from one location to another;
6. Not take orders for MegaSubscriber Service prior to the effective date of that service
7. Develop a procedure to avoid MegaSubscriber slamming;
8. Qualify loops that are tested at, or around, the 256 Kbps minimum speed;
9. Develop a database for identifying DSL-compatible loops;
10. Maintain accounting records between its regulated and unregulated services in a manner that is easily audited to verify that the company is not gaining an unfair advantage over other MegaBit Service customers.

COMMISSION DISCUSSION AND DECISION

At the April 22, 1998 open meeting, concern was expressed by various commentators about issues posited by the tariff and its proposed implementation by the Company. Specifically, Commission Staff and Public Counsel addressed the appropriate level of non-recurring charges regarding MegaBit Services. Public Counsel further addressed the potential for providing undue preference for U S WEST's Internet service offering through the marketing of MegaBit Services. Commission Staff recommended the Commission initiate an investigation into the proposed non-recurring charges in the tariff, a position supported by Public Counsel.

MCI and Public Counsel asked the Commission to require the Company to provide the MegaBit Services for resale, as a retail service subject to the wholesale discount prescribed in the Commission's Eighth Supplemental Order in Docket No. UT-960369, *et al.*, and MCI's interconnection agreement with U S WEST, all pursuant to the federal Telecommunications Act of 1996 (Act). MCI also supported restrictions on marketing practices, and asked the Commission to resolve the issues of resale and marketing practices *before* approving the tariff.

Several Internet service providers spoke in opposition and in support of the filing. The Association also supported the filing, based upon the conditions recommended by Commission Staff in its Memorandum.

An Internet service provider from Vancouver, Washington, expressed concern that U S WEST's initial deployment schedule did not include Vancouver, the state's fourth largest city. U S WEST committed to move with deliberate speed to accomplish the deployment of MegaBit Services in Vancouver.

The Commission is very disturbed by U S WEST's lack of clarity with regard to the issue of the wholesale discount. We believe that the Act is unambiguous in requiring that all retail telecommunications services are subject to resale at the appropriate wholesale discount. This Commission has prescribed that wholesale discount in its Eighth Supplemental Order in Docket No. UT-960369. We are at this time completely unpersuaded by U S WEST's position that this retail service is distinguishable under the Act.

The Commission has clarified with U S WEST that the rules and procedures recently prescribed by the FCC regarding CPNI shall apply to MegaBit Services. Second Report and Order, CC Docket Nos. 96-115 and 96-149 (February 26, 1998). The Commission is in the process of adopting revised rules on CPNI as well. The Commission and the Company have further clarified that U S WEST will immediately cease all marketing and cross-selling of its Internet service to potential MegaSubscribers. The Company will accept no orders for

MegaSubscriber service until June 19, 1998, and all interaction with customers after that date will continue to be subject to the above conditions.

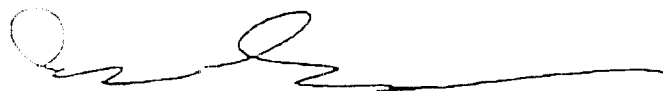
The Commission will permit the MegaBit Services tariff to go into effect, as amended, and as conditioned by agreement between Commission Staff and U S WEST. While we support immediate deployment of this new technology in Washington, we recognize the Company's lack of clarity in its position on the issue of the wholesale discount may well necessitate further action to enforce Commission Orders and existing interconnection agreements. By this action, we express no approval of any particular marketing method or script by U S WEST. We will also order that an investigation be commenced immediately into the non-recurring charges proposed by the Company in the MegaBit Services tariff.

ORDER

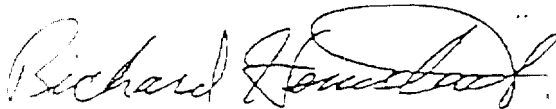
THE COMMISSION ORDERS That the MegaBit Services tariff filed in this matter is permitted to become effective April 23, 1998, subject to the conditions negotiated by U S WEST and Commission Staff and accepted by the Commission, and that the rates for MegaCentral and MegaSubscriber may be changed upon ten days notice as provided in the MegaBit Services tariff; and, further that an investigation is commenced immediately into the non-recurring charges proposed by the Company for MegaBit Services.

DATED at Olympia, Washington, and effective this 22nd day of April 1998.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



ANNE LEVINSON, Chair



RICHARD HEMSTAD, Commissioner



WILLIAM R. GILLIS, Commissioner

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Filing of)	
)	
U S WEST COMMUNICATIONS, INC.	)	DOCKET NO. UT-980416
)	
for Approval of a New Digital	)	FIRST SUPPLEMENTAL ORDER
Subscriber Line Service Offering	)	DEFERRING EFFECTIVE DATE
Denominated as "MegaBit Service"	)	OF MEGASUBSCRIBER SERVICE
.....)	

BACKGROUND

In the Commission's Order Setting Banded Rate Provisions of MegaBit Services Tariff, With Conditions, entered on April 22, 1998, the Commission approved a revised tariff filed by U S WEST Communications, Inc. ("U S WEST"), for the Company's proposed digital subscriber line service, which it calls "MegaBit Services". That approval was subject, inter alia, to the conditions agreed to by U S West and accepted by the Commission at its open meeting on April 22, 1998.

Among the conditions to the approval was a two-phase rollout of the service as proposed by Commission Staff in a memorandum dated April 8, 1998, and agreed to by U S West both orally and by letter dated April 21, 1998. That adopted condition included a requirement that the originally-planned June 19 rollout for MegaSubscriber Service be deferred if the Company is not reasonably able to satisfy all initial Internet Service Provider ("ISP") orders for MegaCentral Service by the June 19, 1998, date.

At the Commission's open meeting on June 15, 1998, the Commission Staff and the Washington Association of Internet Service Providers ("WAISP") presented evidence that the conditions incorporated into the Commission's earlier order were not met. Specifically, the Staff and WAISP presented compelling evidence that U S West has not fulfilled a large percentage of the orders for MegaCentral Service and would not satisfy all ISP orders by the originally planned June 19 rollout. Pursuant to U S West's response to Staff's data request, as of June 12, 1998, the company had only installed the necessary central office equipment needed to provision MegaBit Service in four of its forty-two designated central offices. Without this equipment, MegaBit Service cannot be provided. In addition, U S West determined that only four of the initial thirty-two orders for MegaCentral Service would not require new construction and thus many of these orders would not be completed by the target date of June 19, 1998.

Prior to making this filing, U S West knew the locations of Internet Service Providers located in its operating region. The company also knew what facilities it had in place which would be available to fulfill projected orders for this service.

U S West should have been aware that additional interoffice facilities would be required to provide MegaBit Service prior to filing its proposed tariff in March. The Commission's previous order dated April 22, 1998, set forth the conditions on which the tariff would become effective. As described above, we believe that U S West has not met the necessary conditions under which it would be permitted to begin the second phase of the rollout for this service.

FINDING

Therefore, the Commission finds as follows:

1. The condition contained in our April 22 Order that U S West reasonably satisfy all orders of Internet Service Providers for MegaCentral Service prior to the planned rollout of MegaSubscriber Service has not been met and, therefore, the planned date for taking orders for MegaSubscriber Service of June 19, 1998, should be deferred.
2. Based on the representation by U S West that 90% of the outstanding orders for MegaCentral Service will be completed by July 9, 1998, we find that a sufficient portion of those outstanding orders will be complete by that date so as to be consistent with the intent of our April 22 Order.

ORDER

THE COMMISSION ORDERS That U S West must not begin taking orders for its MegaSubscriber Service prior to July 9, 1998, consistent with the intent of our April 22 Order.

DATED at Olympia, Washington, and effective this 18th day of June 1998.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



ANNE LEVINSON, Chairwoman



WILLIAM R. GILLIS, Commissioner